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**INFORMATION
BULLETIN**

file
BOEING COMPANY

(BA - NYSE)

Recent Price.....93	Earnings Per Share 12/31/66.....\$4.13
Indicated Dividend....\$1.20	Earnings Per Share 12/31/67 Est.....\$4.20
Approximate Yield.....1.3%	Earnings Per Share 12/31/68 Est.....\$5.50
	Price/Earnings Ratio ('67 Est.).....22.2
	Price/Earnings Ratio ('68 Est.).....16.9

IN OUR OPINION

The long-term growth of commercial aviation looks very bright. Over the next five years the total of free world revenue passenger miles logged is expected to increase by better than 12% per year--and even greater growth is indicated for free world cargo revenue ton miles.

As the leading supplier of airplanes to the commercial airlines, Boeing offers a good opportunity to participate in the growth of commercial aviation. Prospects are particularly promising for the company's new short-to-medium range 737 and jumbo 747 programs. At present, we estimate earnings of about \$4.20 in 1967, \$5.50 in 1968, slightly lower earnings in 1969--and much higher earnings in the early 1970s. For investors willing to accept the risks of a highly volatile stock, Boeing common represents good value for capital appreciation over the next few years.

EARNINGS PROSPECTS

In 1967 Boeing should earn about \$4.20 per share compared with last year's reported \$4.13. Sales in 1967 should be about \$2.8-billion, up about 19% from the 1966 figure. Profit margins have been under pressure due to much higher depreciation on plant as well as higher research and development costs on the short-to-medium range 737 and the long-range jumbo 747 programs.

In 1968, we look for earnings in the area of \$5.50 on sales of \$3.2-billion or more. (Backlog was \$5.8-billion as of September 30, 1967 versus \$5.3-billion last December 31.) Our 1968 figures are based on the following projections:

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1. Military sales of \$1.0-billion-plus, or slightly below 1967 levels of about \$1.1-billion.
2. Deliveries of 105-110 model 707s, 160-165 model 727s and 120 model 737s.
3. Continuing better profit margins on the 707s and 727s.
4. An increase of \$20-million in depreciation--to the \$95-million level.
5. Research and development expenses at about the same levels as 1967; our estimate is \$170-million.

Deliveries of the highly profitable 707 and 727 aircraft are expected to peak in 1967 and 1968, respectively. Boeing's earnings growth after 1968 will depend largely on building up the profit margins and sales volumes of the new 737 and 747 programs--but this may not happen fast enough to offset declining 707 and 727 revenues in 1969. Thus, the company's 1969 earnings could be off slightly--although it is too early to make accurate estimates of 707 and 727 deliveries in 1969.

Our tentative estimates for 1969 deliveries are: 60 model 707s, 150 model 727s, 150 model 737s and 12 model 747s. Thereafter, the increasing profitability of the 737 and 747 programs should assure good earnings growth. Boeing recently announced that prices would be raised slightly on its model 727-200s and model 707s and 720s. It appears that these price increases will affect aircraft ordered after January 1, 1968 for delivery in 1969 and 1970.

737 PROGRAM

Boeing has announced orders for some 188 short-to-medium range 737s costing \$3-to-4 million apiece (excluding spare parts). The first of these are expected to be delivered to Lufthansa by the end of this year; and production could build up to as high a rate as 14 a month over the years. Furthermore, profitability should increase substantially as the program travels along the learning curve...and tooling expenses are written off against early deliveries.

747 PROGRAM

Boeing also has announced orders for 137 jumbo 747s, costing \$18.5-to-20 million each--for a total of over \$2.5-billion.

This huge jet will be capable of carrying a maximum of 490 passengers (compared with about 190 at maximum in the present 707). The all-cargo version is designed for automated straight-in nose loading of up to 100 tons of freight, which can be packaged in containers suitable for truck and rail movement. The 747 will have a cruising speed of 625 miles an hour, cruising altitudes up to 45,000 feet and operation ranges up to 6,000 miles. Direct seat-mile operating costs are expected to range down to 30% lower than today's costs, depending upon seating configuration.

Plans call for 747 deliveries to begin in 1969 with 10-to-15 jumbos. And production could build up to as many as 8 1/2 per month in the future. Annualized, that production rate would mean close to \$2-billion in sales per year--from the 747 alone--a tremendous figure when compared to Boeing's total commercial sales of about \$1.7-billion this year.

Research and development expense may approach \$500-million for the 747 program, and about half of this amount will be expensed in the period prior to initial deliveries. As tooling expenses are written off on early deliveries and the program travels along the learning curve, profit margins should widen substantially.

THE SST

Last December, Boeing was the winner of the SST (supersonic transport) design competition. This commercial plane is expected to carry about 270 passengers at speeds of 1,800 mph--or three times as fast as a Boeing 707-321B. Flight time for the SST from New York to London is estimated at 2 hours and 41 minutes, compared with 6 hours and 30 minutes for a 707-321B.

With the price of an SST about \$40-million and delivery positions already reserved for some 129 aircraft, SST sales are expected to run into billions of dollars. Heavy research and development costs will be largely financed by the government and spread over a large number of years. Since initial deliveries won't be made until 1975 or later, profits obviously are many years away.

GOVERNMENT BUSINESS

Government business in 1967 is estimated at about \$1.1-billion or the same as 1966--and 1968 sales seem likely to be in this same area or slightly less. Production of the Minuteman missile, Vertol helicopter, Saturn rocket and B-52 are all expected to be at lower levels next year. However, the new Short Range Attack Missile (SRAM) business should go ahead. Profit margins are expected to be maintained. Government sales in 1969 again could be in excess of \$1-billion.

If the war in Vietnam were to end, the net effect on Boeing probably would be small. Vertol helicopter sales have been stimulated by the war, but the profit contribution from these additional sales is small in the total Boeing picture.

FINANCES

Capital expenditures in 1967 are estimated at \$205-million, versus \$295-million in 1966 and \$68-million in 1965. For next year, expenditures of about \$125-million are indicated.

During 1966 Boeing undertook a huge financing program which included:
1) the sale of 2.2-million shares of capital stock for \$112-million; 2) sale of

\$130-million of convertible debentures; 3) commitments from a group of institutional lenders for the purchase of \$175-million of senior unsecured notes; and 4) establishment of a revolving credit agreement with commercial banks and open lines of credit aggregating \$401-million. This 1966 financing program should be adequate to accomplish currently planned programs, including the prototype phase of the supersonic transport program.

STATISTICAL SUMMARY

	<u>Backlog</u>	<u>Sales</u>	<u>Pretax Income</u>		<u>Earnings</u>	<u>Dividends</u>	<u>Price</u>	<u>P/E</u>
			<u>Total</u>	<u>% of Sales</u>				
	-----	-----	-----	-----	-----Per Share-----		Range	Ratio
1966	\$5,283	\$2,357	\$140.6	6.0%	\$4.13	\$1.10	91-44	22-11
1965	3,148	2,023	149.6	7.4	4.78	1.25	70-30	15-6
1964	1,844	1,969	89.0	4.5	2.82	1.00	36-18	13-6
1963	1,815	1,771	44.9	2.5	1.35	1.00	20-15	15-11
1962	1,620	1,769	56.3	3.2	1.70	1.00	28-18	17-10
1961	1,869	1,801	73.9	4.1	2.23	0.85	29-18	13-8
1960	2,139	1,555	51.8	3.3	1.53	0.57	20-12	13-8

CAPITALIZATION (12/31/66)

Long Term Debt (including \$130-million
in convertible subordinated debentures)...\$467-million
Stockholders' Investment (19.5-million
shares outstanding).....\$564-million

Note: Boeing called for redemption on August 9, 1967,
all of the \$130-million 5 1/2% convertible debentures
outstanding. Common shares outstanding presently
are about 21.5-million.

11/29/67 (hm)

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